



May 4, 1998

Bureau of Land Management
170 South 500 East
Vernal, UT 84078

Attention: Minerals

RE: Rosewood Federal #28-8
SENE Sec. 28, T11S, R22E

Rosewood Federal #19-11
NESW Sec. 19, T12S, R22E

Rosewood Federal #14-6
SENE Sec. 14, T12S, R22E

Rosewood Federal #4-6
SENE Sec. 4, T12S, R22E

Rosewood Federal #5-6
SENE Sec. 5, T12S, R22E

Gentlemen:

This letter is to inform you that Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Rosewood Resources, Inc. when necessary for filing county, state and federal permits including Onshore Order no. 1, Right of Way applications, etc., for the above mentioned wells.

It should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Rosewood Resources, Inc. agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above-mentioned wells. If you have any questions, please feel free to contact me at (435) 789-0414.

Sincerely,

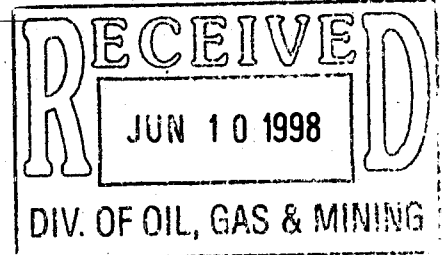
A handwritten signature in cursive script that reads "Danny Widner".

Danny Widner
Drilling Manager



13585 Jackson Drive • Denver, Colorado 80241 • (303) 452-8888 • FAX (303) 457-1583

June 4, 1998



Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Attn: John Baza

Re: **Rosewood Resources, Inc.**
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

Dear John,

Enclosed please find three copies of the Application for Permit to Drill on the above mentioned well along with one copy of the drilling program and surface use plan which has been filed with the BLM in Vernal, Utah.

Please forward the approved copies Lucy Nemec of Rosewood Resources, Inc., 265 E. 100 S., Vernal, UT 84078. Thanks for your assistance in this matter. If you have any questions, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

Lisa L. Smith
Consultant for:
Rosewood Resources, Inc.

Enc.

cc: **Rosewood Resources, Inc. - Vernal, UT**
Rosewood Resources, Inc. - Dallas, TX

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** ☒ **DEEPEN** ☐
b. TYPE OF WELL **OIL** ☒ **GAS** ☐ **OTHER** ☐ **SINGLE** ☒ **MULTIPLE** ☐
2. NAME OF OPERATOR **Rosewood Resources, Inc.** **P. O. Box 1668**
303/452-8888 **Vernal, UT 84078**
3. ADDRESS AND TELEPHONE NO. **13585 Jackson Drive**
PERMITCO INC. **Denver, CO 80241**
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At Surface **1968' FNL and 2065' FWL**
At proposed prod. zone **SE NW Section 4, T12S - R22E**
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 28.8 miles south of Ouray, Utah
15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) **1968'**
16. NO. OF ACRES IN LEASE **2159.59**
17. NO. OF ACRES ASSIGNED
TO THIS WELL **40 Acres**
18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. **None**
19. PROPOSED DEPTH **6,200'**
20. ROTARY OR CABLE TOOLS **Rotary**
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6,243' ungraded
22. APPROX. DATE WORK WILL START*
July 20, 1998

5. LEASE DESIGNATION AND SERIAL NO.
UTU-73019
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
7. UNIT AGREEMENT NAME
N/A
8. FARM OR LEASE NAME, WELL NO.
Rosewood Federal
9. API WELL NO.
#4-6
10. FIELD AND POOL, OR WILDCAT
Wildcat
11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Section 4, T12S - R22E
12. COUNTY OR PARISH
Uintah
13. STATE
Utah
16. NO. OF ACRES IN LEASE
2159.59
17. NO. OF ACRES ASSIGNED
TO THIS WELL
40 Acres
19. PROPOSED DEPTH
6,200'
20. ROTARY OR CABLE TOOLS
Rotary
22. APPROX. DATE WORK WILL START*
July 20, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	500'	350 sx - circulate to surface
7-7/8"	4-1/2"	11.6#	6,200'	700 sx - stage tool @ 3000'

Rosewood Resources, Inc. proposes to drill a well to 6,200' to test the Wasatch and Mesa Verde Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached. **CONFIDENTIAL - TIGHT HOLE**

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. **Lisa L. Smith** **Authorized Agent for:**
Rosewood Resources, Inc. **DATE 6/4/98**

(This space for Federal or State office use)
PERMIT NO. **43-047-32839** APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY: **Federal Approval of this Action is Necessary**

APPROVED BY **BRADLEY G. HILL** **RECLAMATION SPECIALIST III** **DATE 6/11/98**

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

GAS & MINING

T12S, R22E, S.L.B.&M.

N89°57'W - G.L.O. (Basis of Bearings)

2644.02' (Measured)

N89°57'W - (G.L.O.)

T11S

T12S

1922 Brass Cap
1.3' High, Pile
of Stones, Wooden
& Steel Post

1922 Brass Cap
1.8' High, Pile
of Stones

LOT 4

LOT 3

LOT 2

LOT 1

1968'

ROSEWOOD FEDERAL #4-6
Elev. Ungraded Ground = 6243'

2065'

1922 Brass Cap
1.6' High, Pile
of Stones

4

S00°11'E - 80.28 (G.L.O.)

S00°37'45"E 2606.65' (Meas.)

S00°16'E - 40.00 (G.L.O.)

N89°47'W - 80.10 (G.L.O.)

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

LATITUDE = 39°48'15"

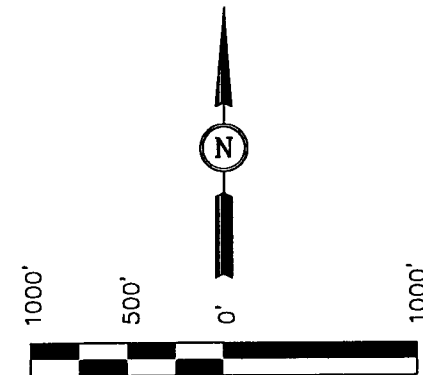
LONGITUDE = 109°27'41"

ROSEWOOD RESOURCES, INC.

Well location, ROSEWOOD FEDERAL #4-6, located as shown in the SE 1/4 NW 1/4 of Section 4, T12S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT A ROAD INTERSECTION IN THE NW 1/4 OF SECTION 9, T12S, R22E, S.L.B.&M. TAKEN FROM THE BUCK CAMP CANYON. QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6337 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT, TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 03-02-98	DATE DRAWN: 03-05-98
PARTY B.B. D.R. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ROSEWOOD RESOURCES, INC.	

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

ROSEWOOD FEDERAL #4-6

1968' FNL and 2065' FWL

SE NW Sec. 4, T12S - R22E

Uintah County, Utah

Prepared For:

ROSEWOOD RESOURCES, INC.

By:

PERMITCO INC.

13585 Jackson Drive

Denver, Colorado 80241

303/452-8888

Copies Sent To:

- ➡
- 3 - Bureau of Land Management - Vernal, UT**
 - 1 - Utah Division of Oil, Gas & Mining - Salt Lake City, UT**
 - 3 - Rosewood Resources, Inc. - Vernal, UT**
 - 3 - Rosewood Resources, Inc. - Dallas, TX**

CONFIDENTIAL - TIGHT HOLE



TABLE OF CONTENTS
Rosewood Federal #4-6

DRILLING PROGRAM

Page No.

1.	Formation Tops	1
2.	Anticipated Depth of Oil, Gas & Water	1
3.	Blow Out Preventor Requirements	1-3
4.	Casing and Cement Program	3-6
5.	Mud Program	7
6.	Testing, Logging and Coring	8-9
7.	Abnormal Pressures & H ₂ S Gas	9
8.	Other Information & Notification Requirements	9-11

SURFACE USE PLAN

1.	Existing Roads	1-2
2.	Access Roads to be Constructed or Reconstructed	2-4
3.	Location of Wells Within 1-Mile	4
4.	Proposed Production Facilities	4-6
5.	Water Supply	6
6.	Construction Materials	6-7
7.	Waste Disposal	7-8
8.	Ancillary Facilities	8
9.	Wellsite Layout	8-9
10.	Reclamation	10-11
11.	Surface/Mineral Ownership	11
12.	Other Information	11-13
13.	Certification	14



ONSHORE ORDER NO.
Rosewood Resources, Inc.
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73019

DRILLING PROGRAM
Page 1

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Uintah A	Surface	+6,243'
Wasatch	3,600'	+2,643'
Mesa Verde	5,900'	+ 343'
T.D.	6,200'	- 43'

2. Estimated Depth of Anticipated Water, Oil, Gas or Mineral Formations:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil	Wasatch	3,600'-5,900'
Oil	Mesa Verde	5,900'-6,200'

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment

Rosewood's minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000 psi w.p.



Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.



BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 10", 3000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. Proposed Casing and Cementing Program:

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture



gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.

- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.



- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-500'	12-1/4"	9-5/8"	36#	J-55	ST&C	New
Produc.	0-6200'	7-7/8"	4-1/2"	11.6#	N-80	LT&C	New

- n. Casing design subject to revision based on geologic conditions encountered.
- o. The cement program will be as follows:

<u>Surface</u>	<u>Type and Amount</u>
0-500'	350 sx Class "G" containing 2% CaCl ₂ and 1/4# sk Cello-flake or sufficient to circulate to surface.

<u>Production</u>	<u>Type and Amount</u>
0-6200'	1st Stage: 500 sx Class "G" + 10% salt + 10% Gypsum + 0.6% FL-52. Top of cement on 1st stage at approximately 3400'. Cement stage tool will be set at approximately 3000'.

2nd Stage: 200 sx Class "G" + 3% salt + 16% gel + 5#/sk Gilsonite, + .25#/sk celloflake. Top of cement on 2nd stage at surface.



ONSHORE ORDER NO.
Rosewood Resources, Inc.
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73019

DRILLING PROGRAM

Page 6

- p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.



5. Mud Program

- a. The proposed circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-300'	Air/Clear Water	8.3	---	N/C	---
300-2000'	Clear Water	8.3	---	N/C	---
2000'-6000'	Water/Gel	8.4-9.7	30-40	8	---

There will be sufficient mud on location to control a blowout should one occur.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
- c. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.



6. Evaluation Program

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. An AIT/GR/CDL/ML/GR will be run from surface casing to T.D.
- c. No cores will be run.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and



compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program will be to test prospective zones in Mesa Verde and Wasatch Formations by perforating and fracture stimulation.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures or Pressures

- a. The expected bottom hole pressure is 3000 psi.
- b. No hydrogen sulfide gas is anticipated and no abnormal pressures or temperatures are anticipated.

8. Anticipated Starting Dates and Notification of Operations

- a. Drilling will commence July 20, 1998.
- b. It is anticipated that the drilling of this well will take approximately 10 days.
- c. The BLM in Vernal, Utah shall be notified of anticipated date of location construction commencement and of anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- e. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.



ONSHORE ORDER NO. _____
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Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73019

DRILLING PROGRAM

Page 10

- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.
- g. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- h. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- j. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All



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Lease No. UTU-73019

DRILLING PROGRAM

Page 11

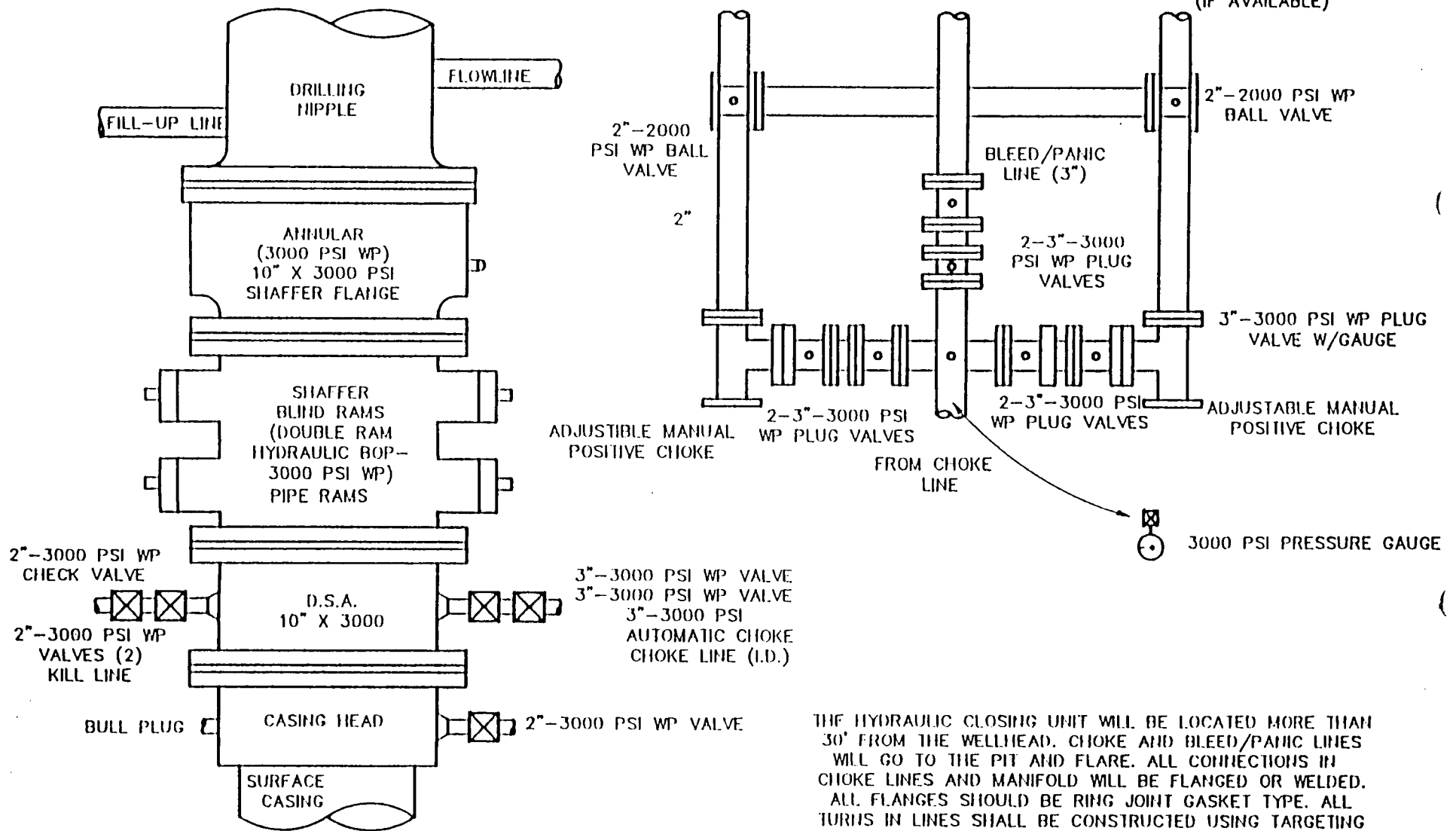
product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).

- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.



BOP SCHEMATIC 3000 PSI WORKING PRESSURE

PLAN VIEW CHOKE MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKE AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKE LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

ONSHORE ORDER NO. 1
Rosewood Resources, Inc.
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73019

SURFACE USE PLAN

Page 1

ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

- | | |
|--|---|
| Location Construction - | forty-eight (48) hours prior to construction of location and access roads. |
| Location Completion - | prior to moving on the drilling rig. |
| Spud Notice - | at least twenty-four (24) hours prior to spudding the well. |
| Casing String and Cementing - | twenty-four (24) hours prior to running casing and cementing all casing strings. |
| BOP and Related Equipment Tests - | twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice - | within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

The onsite inspection for the subject well was conducted on Tuesday, May 5, 1998 at approximately 10:50 a.m. Weather conditions were cool and bruits. In attendance at the onsite inspection were the following individuals:

Lisa Smith
Robert Kay
Byron Tolman
Steve Strong
Danny Widner
Charlie Foster

Permitco Inc.
Uintah Engineering and Land Surveying
Bureau of Land Management
Bureau of Land Management
Rosewood Resources, Inc.
Rosewood Resources, Inc.

1. Existing Roads

- a. The proposed well site is located approximately 31.5 miles south of Ouray, Utah.**



- b. Directions to the location from Ouray, Utah are as follows:

Proceed southerly on the Seep Ridge Road for 22.3 miles to a fork in the road. Turn left (Upper Natural Buttes access to Bitter Creek). Turn left onto the East Bench Road and proceed southerly for an additional 8.9 miles. Turn left onto the new access road and proceed easterly and northerly approximately 0.3 miles to the location.

- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to the existing access will not be necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

- a. Approximately 0.3 miles will be new access. This portion of the access road will be crowned and ditched with a 17' running surface and a 30' maximum disturbed width. The remainder of the access is maintained by the county road department or is a BLM road.
- b. The maximum grade of the new construction will be approximately 3%.
- c. No turnouts are planned.
- d. No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.
- e. The new access road was centerline flagged at the time of staking.



- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. No cattleguards will be necessary.
- h. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- i. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- j. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- k. If the well is productive, additional water drainage will be installed along the new portion of access road to keep the water off the road.
- l. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.



- m. No federal right of way will be required.
- n. The existing two-track trail will be ripped. All vegetation will be left undisturbed.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Disposal wells - none
- h. Abandoned wells - none
- i. Dry Holes - none

4. Location of Tank Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Juniper Green. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike of



sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

- c. A typical production layout is attached. If at the time of production it is determined that an alternate layout is necessary, a Sundry Notice will be submitted showing placement of all production facilities prior to construction.
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.
- h. Any necessary pits will be properly fenced to prevent any wildlife entry.



- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.
- m. The surface pipeline will be constructed of 4" welded steel and will be approximately 1800' in length as shown on Map "C".

5. Location and Type of Water Supply

- a. The proposed water source is a water well to be drilled on the wellpad. If this source should be insufficient, additional water will be obtained from the Rock House #5A or Bitter Creek. Copies of approved water permits will be sent to the BLM, upon approval from the Utah Division of Water Rights once copies are received.
- b. Water will be pumped into the reserve pit from the water well.
- c. A water well will be drilled on this lease.
- d. When Rosewood Resources is finished with the use of this water source, the BLM may assume liability for this well use it for range improvements or as deemed necessary by the BLM.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.



- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- b. If it is necessary to blast the pit area during construction, an inspection of the pit will be made by a representative of the BLM with a representative of Rosewood Resources, Inc. and it will be determined if a reserve pit liner is necessary. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.



- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- g. A chemical porta-toilet will be furnished with the drilling rig.
- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. The operator or his/her contractor shall contact the BLM Office at 435/789-1362 forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be located on the northeast side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the east side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the east and west sides of the location as shown on the Pit & Pad Layout. Topsoil along the access route will be windrowed on the uphill side. A separate topsoil pile will be located near the reserve pit to be used in the initial reclamation of the pit if the well is productive.
- e. Trees will be stockpiled separately from the topsoil and subsoil on the uphill side of the pit.
- f. Access to the wellpad will be from the west as shown on the Pit & Pad Layout.



- g. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- h. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.
- i. During construction, all brush/trees will be removed from the wellpad and access road and stockpiled separately from the topsoil as shown on the Pit & Pad Layout.
- j. All pits will be fenced according to the following minimum standards:

 - 1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 - 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 - 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- k. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.



10. Plans for Restoration of Surface

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer.

The seed mixture requested by the BLM for reclamation of the drillsite is as follows:

<u>Species</u>	<u>Lbs. PLS/Acre</u>
Fourwing Saltbush	4
Needle & Thread	3
Shadscale	3
Black Sage	2

Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the



approval of the authorized officer of the BLM. Seed will be broadcast and walked in with a dozer.

- f. The topsoil stockpile will be seeded with Fourwing Saltbush at the rate of 5 lbs./acre

Dry Hole

- g. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership

Access Roads - All roads are County maintained or managed by the Bureau of Land Management.

Wellpad - The well pad is located on lands managed by the BLM.

12. Other Information

- a. A Class III archeological survey has been conducted by Sagebrush Archeology. A copy of this report will be submitted directly to the appropriate agencies by Sagebrush Archeology. In addition, a Paleontological survey has been conducted by Sue Ann Bilbey. A copy of this report is attached.
- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:



-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.**
- d. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.**
- e. No erosion control structures are proposed at this time.**
- f. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his**



ONSHORE ORDER NO
Rosewood Resources, Inc.
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73019

SURFACE USE PLAN

Page 13

subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

- g. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- h. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- i. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- j. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- k. The operator or his contractor shall contact the BLM Offices at 435/789-1362 48 hours prior to construction activities.
- l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.
- m. In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman
Wayne Bankert
BLM Fax Machine

Petroleum Engineer 435/789-7077
Petroleum Engineer 435/
435/789-3634



ONSHORE ORDER NO. _____
Rosewood Resources, Inc.
Rosewood Federal #4-6
1968' FNL and 2065' FWL
SE NW Sec. 4, T12S - R22E
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Lease No. UTU-73019

SURFACE USE PLAN
Page 14

13. Lessee's or Operator's Representative and Certification

Permit Matters

PERMITCO INC.
Lisa L. Smith
13585 Jackson Drive
Denver, CO 80241
303/452-8888

Drilling & Completion Matters

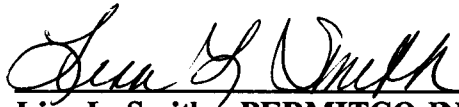
ROSEWOOD RESOURCES, INC.
P.O. Box 1668
Vernal, UT 84078
435/789-0414 (O)
435/828-6100 (M) - Danny Widner
435/828-6438 (M) - Salty Miller
435/789-0823 (H)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Rosewood Resources, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

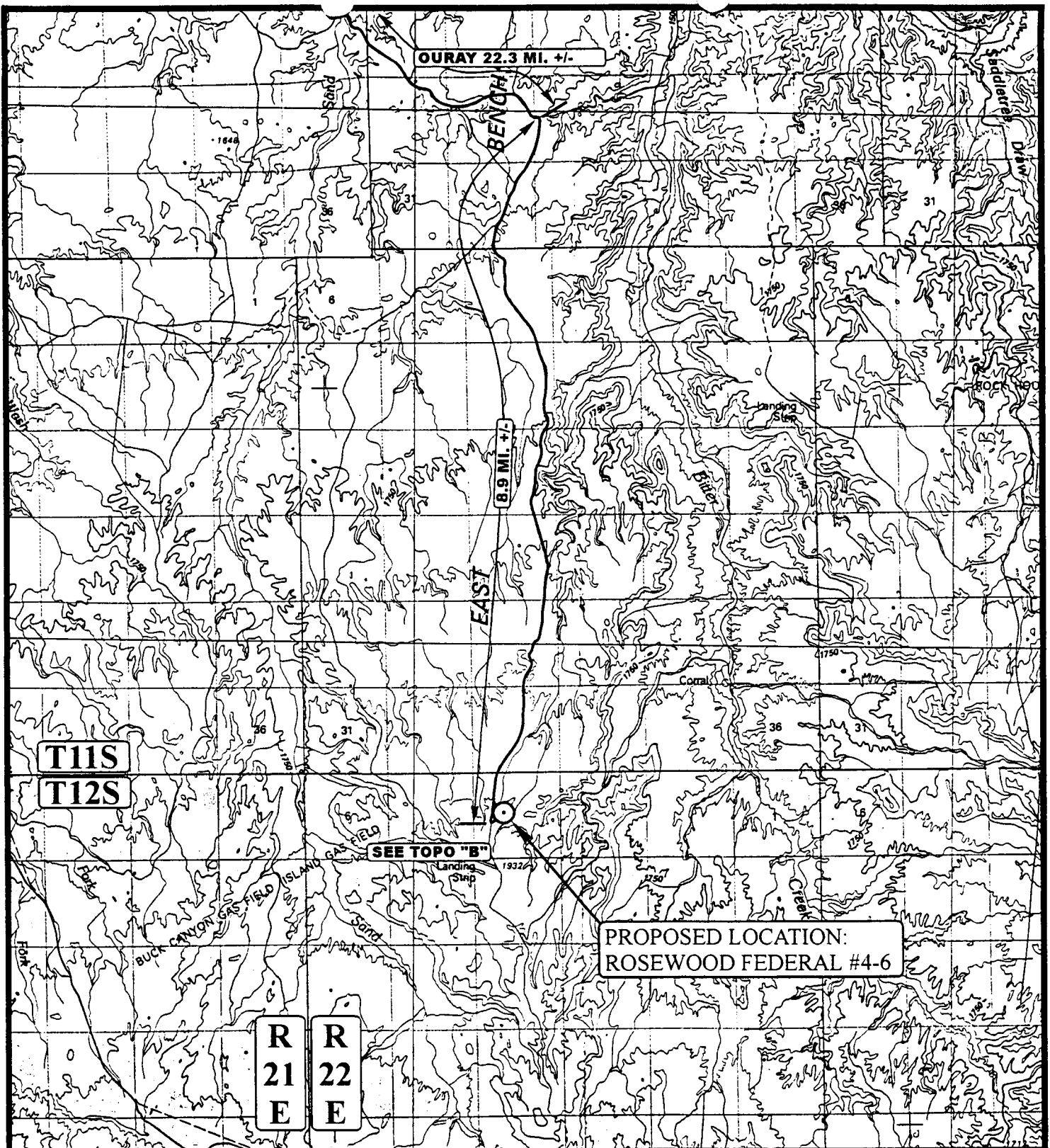
This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

June 4, 1998
Date:



Lisa L. Smith - PERMITCO INC.
Authorized Agent for:
ROSEWOOD RESOURCES, INC.





LEGEND:

○ PROPOSED LOCATION

ROSEWOOD RESOURCES, INC.

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

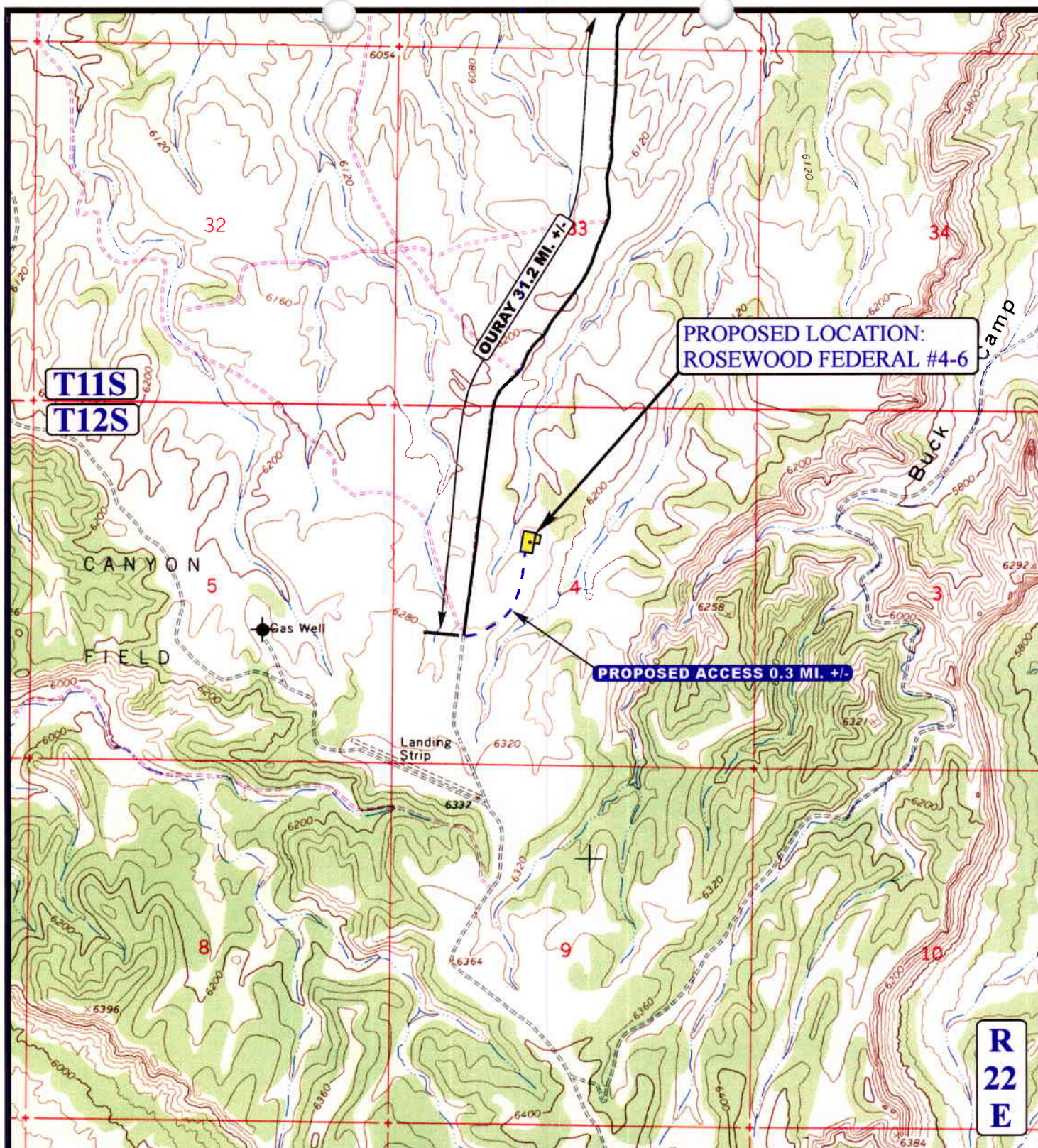


TOPOGRAPHIC
MAP

3 **6** **98**
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.G. REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD
- ABANDONED WELL



ROSEWOOD RESOURCES, INC.

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



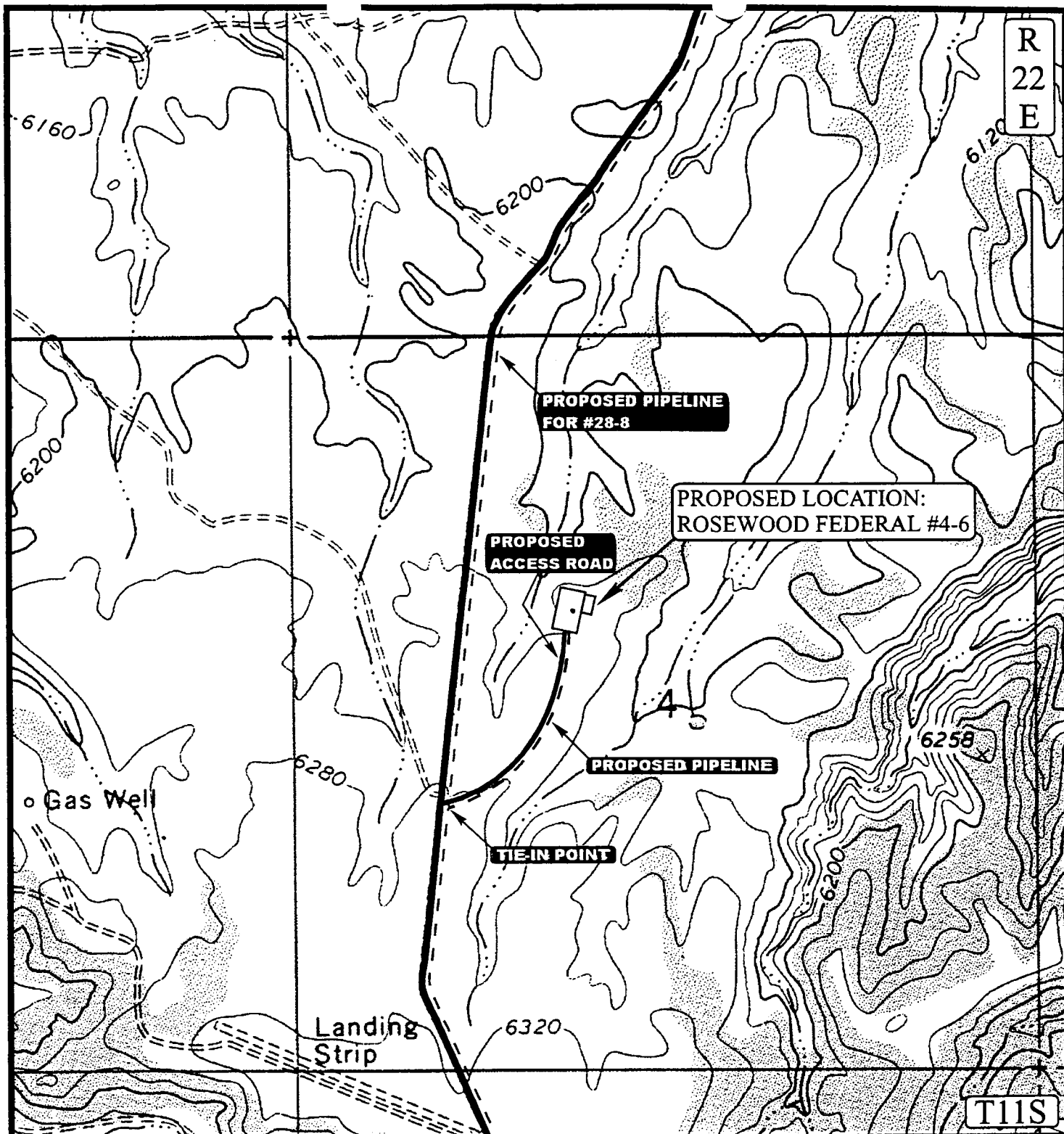
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

3 **6** **98**
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 5-8-98





APPROXIMATE TOTAL PIPELINE DISTANCE = 1800' +/-

LEGEND:

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS



ROSEWOOD RESOURCES, INC.

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

3	25	98
MONTH	DAY	YEAR

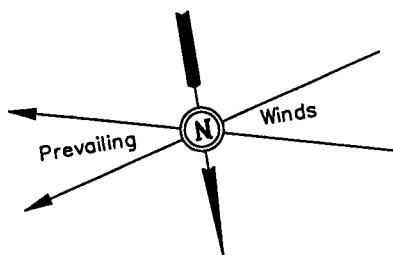
SCALE: 1" = 1000' DRAWN BY: J.L.G. REVISED: 00-00-00



ROSEWOOD RESOURCES, INC.

LOCATION LAYOUT FOR

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



Approx.
Top of
Cut Slope

Proposed Access
Road

C-4.1'
El. 44.4'

C-2.6'
El. 42.9'

F-3.2'
El. 37.1'

Sta. 3+25

Existing
Drainage

SCALE: 1" = 50'
DATE: 03-06-98

Drawn By: D.R.B.

Revised: 05-08-98 D.R.B.

Round Corners
as Needed

FLARE PIT

El. 46.8'
C-16.5'
(btm. pit)

El. 44.4'
C-4.1'

PIPE RACKS

C-2.8'
El. 43.1'

Sta. 1+50

F-2.4'
El. 37.9'

TREES/SLASH

Reserve Pit Backfill
& Spoils Stockpile

10' WIDE BENCH/DIKE

Pit Capacity With
2' of Freeboard
is 9,770 Bbls. ±

RESERVE PITS
(10' Deep)

Slope = 1:1

MUD TANKS

35'

RIG

DOG HOUSE

120'

PUMP

MUD SHED

HOPPER

POWER

TOOLS

FUEL

TRASH

150'

Sta. 0+10

TOILET

FUEL

STORAGE
TANK

TRAILER

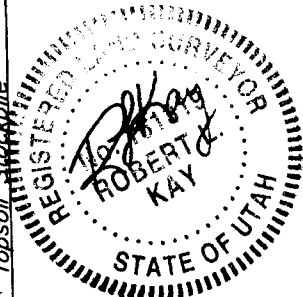
El. 40.7'
C-10.4'
(btm. pit)

F-2.9'
El. 37.4'

F-3.5'
El. 36.8'

F-6.3'
El. 34.0'

Approx.
Toe of
Fill Slope



Sta. 0+00

Elev. Ungraded Ground at Location Stake = 6243.1'

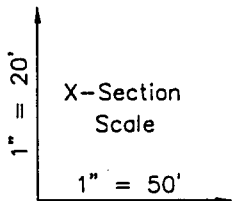
Elev. Graded Ground at Location Stake = 6240.3'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

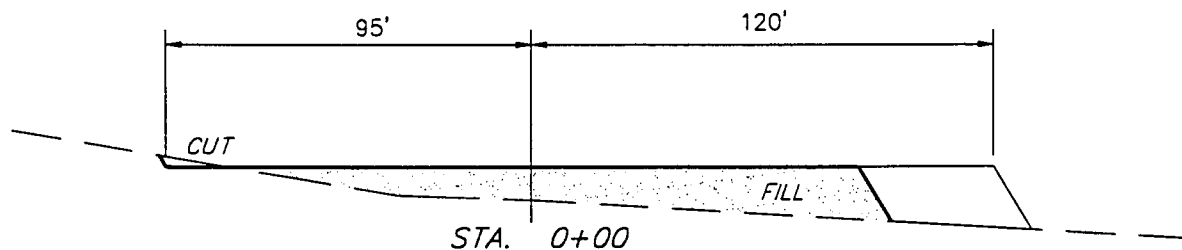
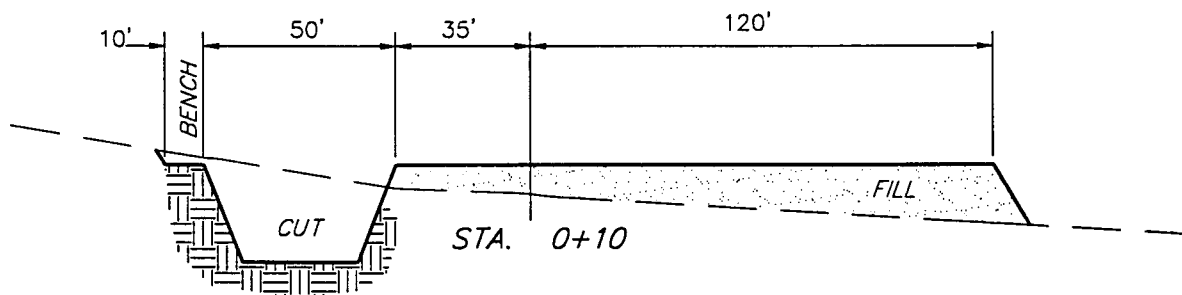
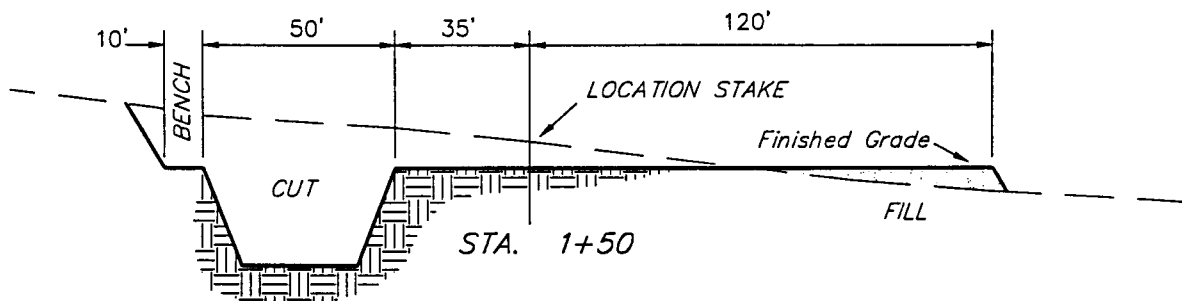
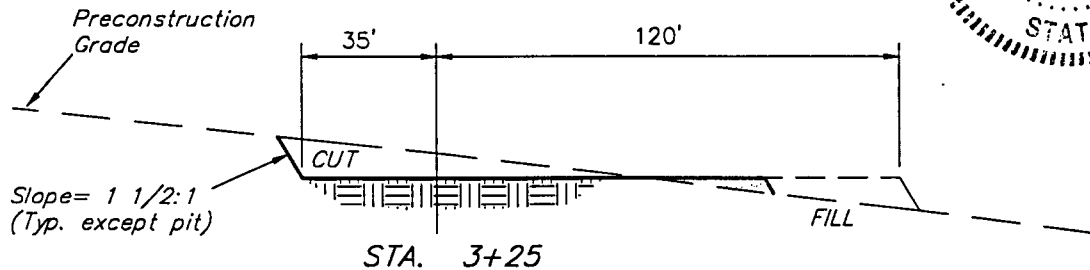
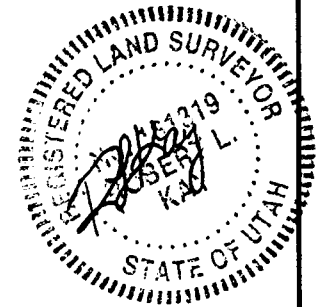
ROSEWOOD RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



DATE: 03-06-98
Drawn By: D.R.B.



APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 4,880 Cu. Yds.
TOTAL CUT	= 5,980 CU.YDS.
FILL	= 3,440 CU.YDS.

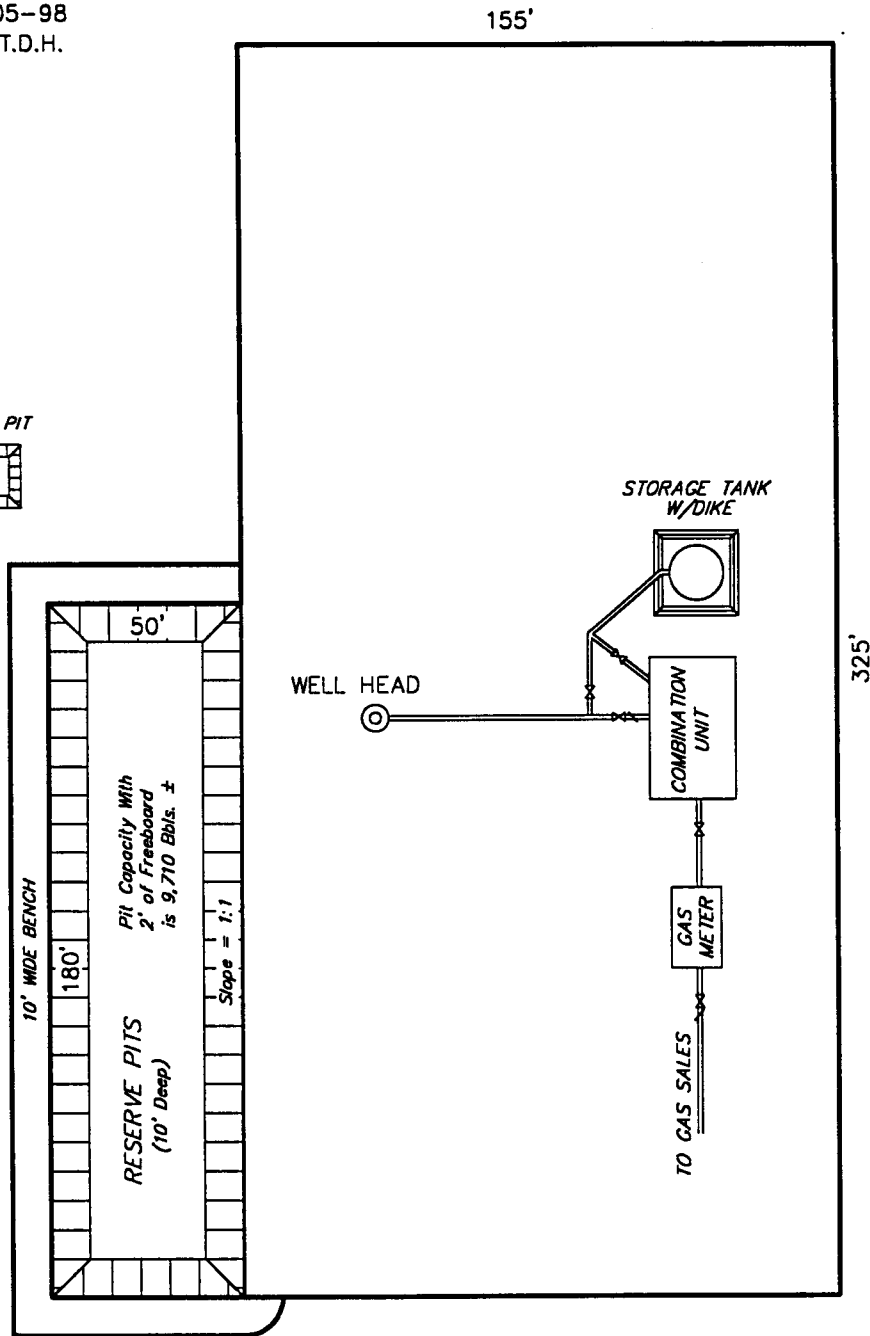
EXCESS MATERIAL AFTER 5% COMPACTION	= 2,360 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

ROSEWOOD RESOURCES, INC.
TYPICAL PRODUCTION FACILITY LAYOUT
ROSEWOOD FEDERAL #4-6
SECTION 4, T12S - R22E
1968' FNL AND 2065' FWL

SCALE: 1" = 50'
DATE: 05-05-98
Drawn By: T.D.H.

FLARE PIT



There are no federal stipulations at this time.



A Class III Archeological Survey has been conducted by Sage Brush Archeology. A copy of this report will be submitted directly to the appropriate agencies by Sagebrush Archeology.



PALEONTOLOGICAL FIELD SURVEY REPORT
ROSEWOOD RESOURCES, INC.
ROSEWOOD FEDERAL #4-6
SECTION 4, TOWNSHIP 12 SOUTH, RANGE 22 EAST
UINTAH COUNTY, UTAH
MAY 12, 1998

BY

SUE ANN BILBEY, Ph.D. and EVAN HALL
UINTA PALEONTOLOGICAL ASSOCIATES
446 SOUTH 100 WEST
VERNAL, UTAH 84078
435-789-1033

INTRODUCTION

In early May, I was contacted by Danny Widner of Rosewood Resources, Inc. to do a paleontological field survey for the well site and access road for Rosewood Federal #4-6 in SE1/4, NW1/4, Section 4, Township 12 South, Range 22 East on Bureau of Land Management lands in Uintah County, Utah. I have contacted Blaine Phillips, Archaeologist at the Bureau of Land Management in Vernal, Utah and Martha Hayden at the Utah Geological Survey to obtain sensitivity information regarding the Uinta Formation in this general area. In addition, Utah Field House site information was also reviewed.

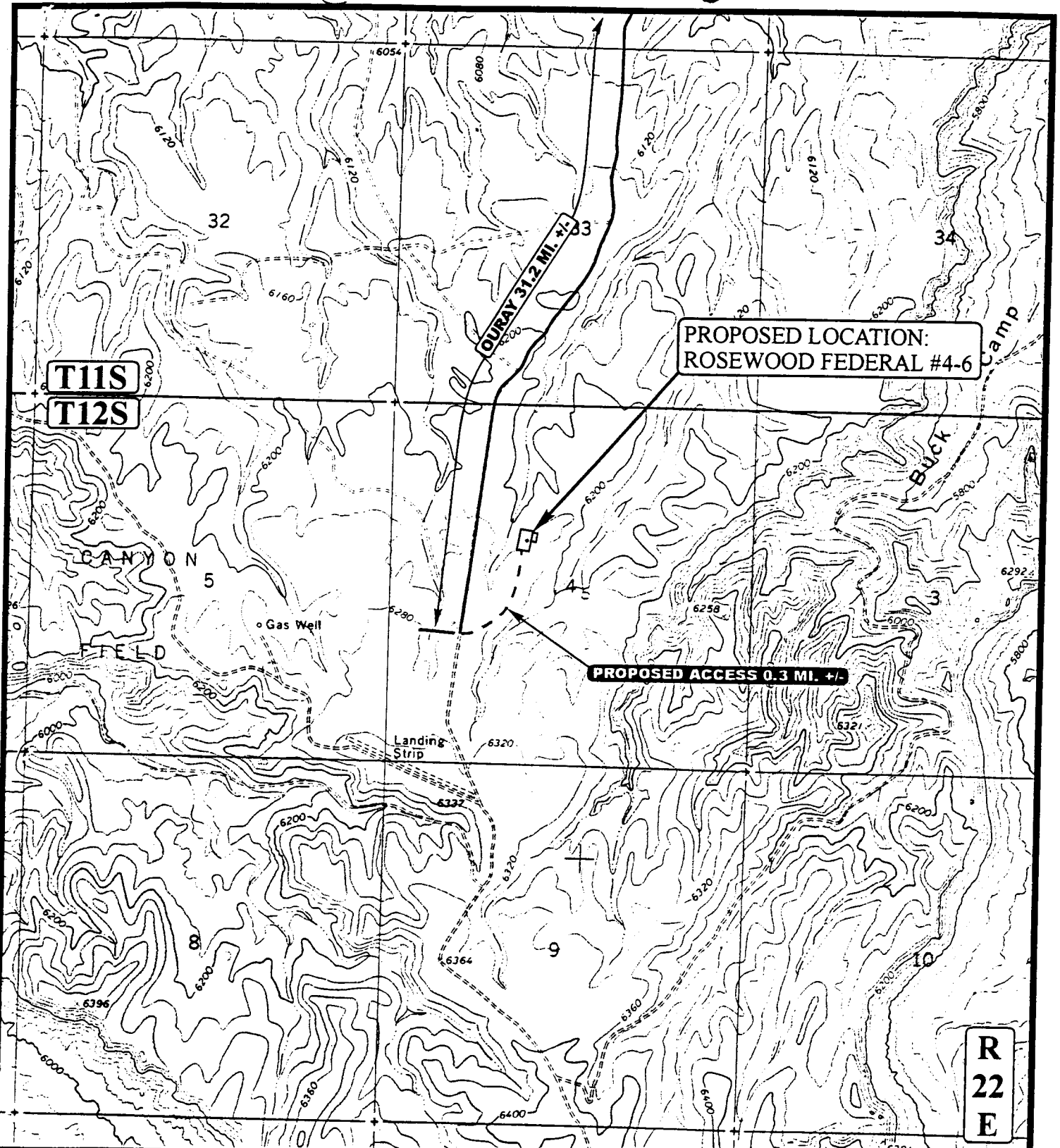
This paleontological resource study is designed to comply with federal and state legislative and construction permit requirements regarding ground disturbing activities associated with well sites, pipelines, and access roads (Bilbey and Hall, 1998).

A 100% pedestrian field survey was done at well site Rosewood Federal #4-6 in Section 4 on May 11, 1998. The access road right-of-way was also evaluated at that time.

RESULTS OF PALEONTOLOGICAL SURVEY

Rosewood Federal #4-6 stratigraphically lies within the lower Uinta Formation, also known as the Uinta A. Vertebrate fossil resources are not common in this unit, but those found, especially the mammals, are significant as they are intermediary between those of the Eocene Bridgerian and Uintan Mammalian Ages (Kay, 1957; Black and Dawson, 1966). This well site is situated on a hilltop above a drainage that eventually empties into Bitter Creek. The access road is along the ridgeline.

The well site and access road are covered with tan alluvium composed of broken tan to greenish gray to reddish gray sandstone fragments and windblown sand. Infrequently we found small exposures of bedrock, primarily medium to coarse grained sandstone. Several ant hills were examined for tiny fossil teeth and fragments of bone. No fossils were found in either the alluvium or the ant hills.



LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



ROSEWOOD RESOURCES, INC.
ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC **3** **6** **98**
MAP **MONTH** **DAY** **YEAR**
SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00



To the east, the Willow Creek canyon exposes thick sandstone units up to 2 m thick which are interbedded with reddish mudstone. Just below the well site are reddish gray sandstone and interbedded mudstone units. These are typical Uinta A rock types. No fossils were found immediate to the well site in this area.

RECOMMENDATIONS: As no vertebrate fossils were found at this site, no further paleontological work is necessary. However, if vertebrate fossils are encountered during construction of the well site or the access road, the project paleontologist must be notified immediately to evaluate the discovery.

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UINTAH BASIN PUBLIC HEALTH DEPARTMENT



Uintah County Office
147 East Main
Vernal, Utah 84078
(801) 781-5475
FAX: (801) 781-5319

Duchesne County Office
734 North Center Street
P.O. Box 210
Duchesne, Utah 84021
(801) 738-2202

Daggett County Office
Daggett County Courthouse
P.O. Box 156
Manila, Utah 84046
(801) 784-3494

Roosevelt Branch Office
34 South 200 East
Roosevelt, Utah 84066
(801) 722-5085

Joseph B. Shaffer, V., M.B.A., E.H.S.
Director/Health Officer

WASTEWATER PERMIT APPLICATION FOR DRILLING SITES

HEALTH DEPARTMENT USE ONLY

Permit #: _____
Fee (\$80.00) received: _____
Approved: _____
Date: _____

DRILLING COMPANY Chandler Drilling RESPONSIBLE PARTY Terry Cox
ADDRESS 475 - 17th St., Suite 100, Denver, CO 80202 PHONE 303/295-0400
DRILLING FOR Rosewood Resources, Inc.
SITE LOCATION Rosewood Federal #4-6 SE NW Section 4, T12S - R22E 1968' FNL and 2065' FWL
APPROXIMATE DATES July 20, 1998 TO _____
SERVICES: POTABLE WATER X YES _____ NO _____ SUPPLIER Mountain West Oil Field Services
CHEMICAL TOILETS X YES _____ NO _____ SUPPLIER Mountain West Oil Field Services
LIVING OR OFFICE UNITS: _____ BUNKHOUSES _____ MOBILE HOMES 3 REC. VEHICLES _____
TOTAL UNITS 3 TOTAL PERSONNEL AT SITE: _____

WASTEWATER DISPOSAL PROPOSED:

X HOLDING TANK AND SCAVENGER PUMPING SERVICE - If this system is used, indicate the licensed scavenger employed Mountain West Oil Field Services
_____ SEPTIC TANK AND ABSORPTION SYSTEM - If this system is proposed, please supply the following information:
1. A soil log prepared by a certified engineer or sanitation.
2. Indicate the type of absorption system intended:
_____ Absorption Field
_____ Seepage Trench
_____ Seepage Pit
_____ Absorption Bed
_____ OTHER - Describe proposal in detail on an attached sheet.

In the spaces below, provide a sketch or drawing of the site indicating:

1. Location of water supply and plumbing. See Wellsite Layout Attached
2. Location of living units, offices, etc.
3. Proposed wastewater system layout including septic tank or holding tank and absorption system, if any.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/10/98

API NO. ASSIGNED: 43-047-32839

WELL NAME: ROSEWOOD FED 4-6
OPERATOR: ROSEWOOD RESOURCES INC (N7510)
CONTACT: Lisa Smith (303) 452-8888

PROPOSED LOCATION:
SENW 04 - T12S - R22E
SURFACE: 1968-FNL-2065-FWL
BOTTOM: 1968-FNL-2065-FWL
UINTAH COUNTY
UNDESIGNATED FIELD (002)

LEASE TYPE: FED
LEASE NUMBER: UTU-73019
SURFACE OWNER: Federal

INSPECT LOCATION BY: / /

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

PROPOSED FORMATION: MVRD

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Federal ☒ State ☐ Fee ☐
(No. MT-0627)
☒ Potash (Y/N)
☒ Oil Shale (Y/N) *190-5(B)
☒ Water Permit
(No. Well to be drilled on loc.)
☒ RDCC Review (Y/N)
(Date: _____)
☒ St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

☐ R649-2-3. Unit _____

☒ R649-3-2. General

☐ R649-3-3. Exception

☐ Drilling Unit

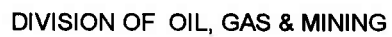
Board Cause No: _____

Date: _____

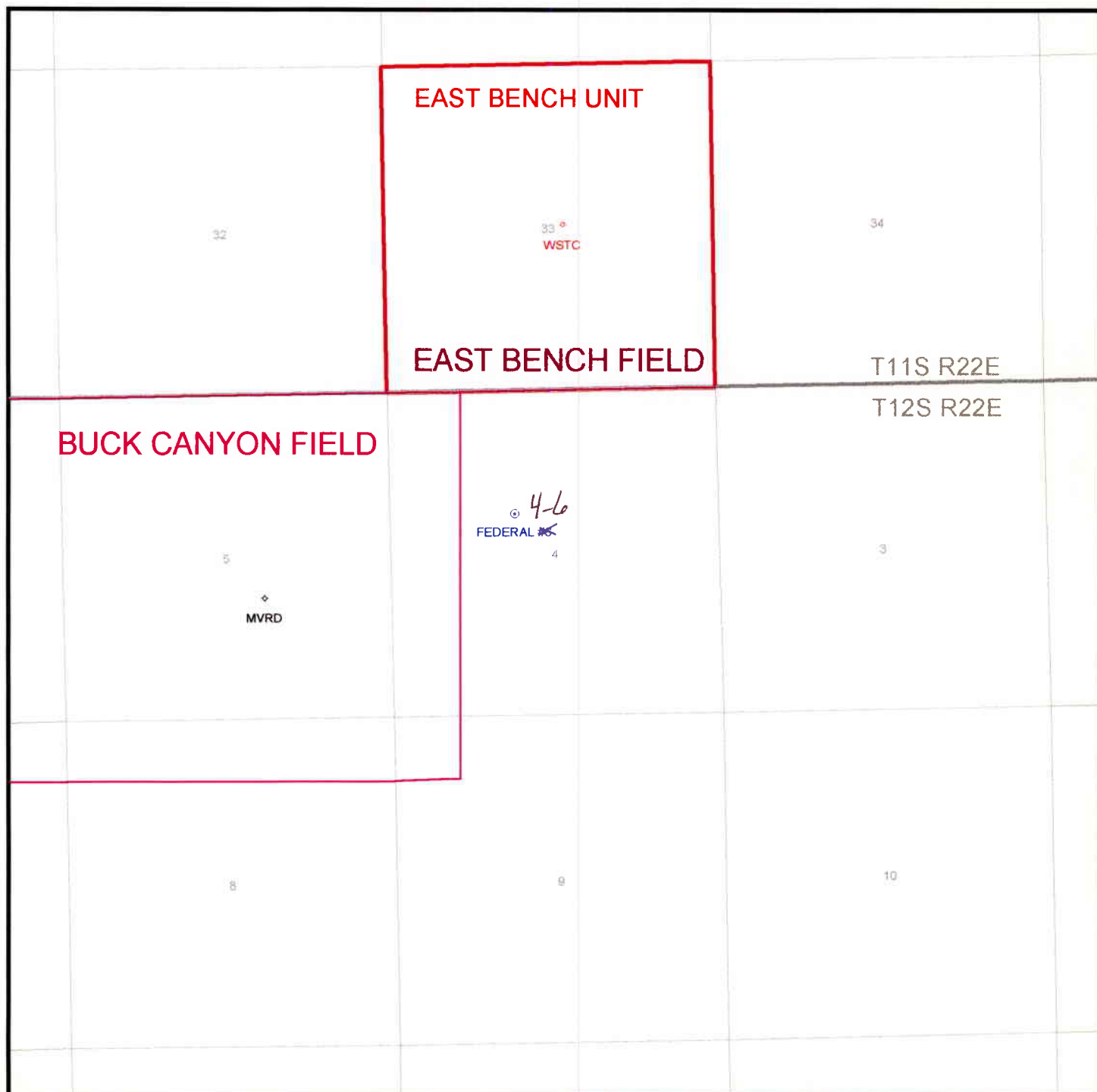
COMMENTS:

STIPULATIONS:

① FEDERAL APPROVAL



COUNTY: UINTAH UAC: R649-3-2 STATEWIDE SPACING



DATE PREPARED:
10-JUNE-1998



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

June 11, 1998

Rosewood Resources, Inc.
P.O. Box 1668
Vernal, Utah 84078

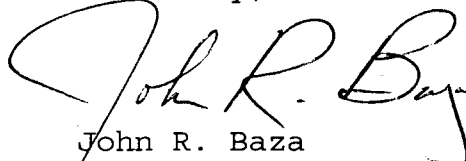
Re: Rosewood Federal 4-6 Well, 1968' FNL, 2065' FWL, SE NW,
Sec. 4, T. 12 S., R. 22 E., Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-32839.

Sincerely,



John R. Baza
Associate Director

lwp

Enclosures

cc: Uintah County Assessor

Bureau of Land Management, Vernal District Office

Operator: Rosewood Resources, Inc.
Well Name & Number: Rosewood Federal 4-6
API Number: 43-047-32839
Lease: UTU-73019
Location: SE NW Sec. 4 T. 12 S. R. 22 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours prior to spudding the well or commencing drilling operations. Contact Jim Thompson at (801) 538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supercede the required federal approval which must be obtained prior to drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐

b. TYPE OF WELL OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR 435/789-0414 P. O. Box 1668
Rosewood Resources, Inc. Vernal, UT 84078

3. ADDRESS AND TELEPHONE NO. 303/452-8888 13585 Jackson Drive
PERMITCO INC. Denver, CO. 80241

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At Surface 1968' FNL and 2065' FWL
At proposed prod. zone SE NW Section 4, T12S - R22E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 28.8 miles south of Orderville, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1968'

16. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None

17. NO. OF ACRES ASSIGNED TO THIS WELL 40 Acres

18. PROPOSED DEPTH 6,200'

19. ROTARY OR CABLE TOOLS Rotary

20. APPROX. DATE WORK WILL START* July 20, 1998

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,243' ungraded

PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE. SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	500'	350 sx - circulate to surface
7-7/8"	4-1/2"	11.6#	6,200'	700 sx - stage tool @ 3000'

Rosewood Resources, Inc. proposes to drill a well to 6,200' to test the Wasatch and Mesa Verde Formations. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached. **CONFIDENTIAL - TIGHT HOLE**

Please be advised that Rosewood Resources, Inc. is considered to be the Operator of the above mentioned well. Rosewood Resources, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Nationwide Bond No. MT-0627. The principal is Rosewood Resources, Inc. via surety consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Lisa L. Smith AUTHORIZED AGENT FOR: Rosewood Resources, Inc. DATE 6/4/98

(This space for Federal or State office use)

PERMIT NO.

Application approval does not prevent or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED BY

Assistant Field Manager
Mineral Resources

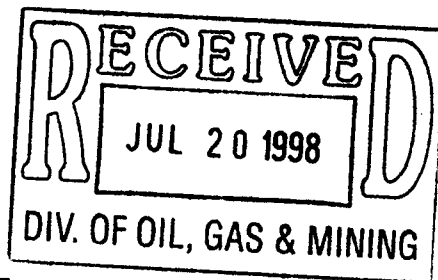
DATE

7/15/1998

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DOGM



CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Rosewood Resources, Inc.

Well Name & Number: Rosewood Federal 4-6

API Number: 43-047-32839

Lease Number: U - 73019

Location: SENW Sec. 04 T.12S R. 22E

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany oil shale zone, identified at 1,152 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

5. Coring, Logging and Testing Program

A cement bond log (CBL) will be run from the production casing shoe to the top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

6. Notifications of Operations

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

7. Other Information

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

SURFACE USE PROGRAM
Conditions of Approval (COAs)

-The access road shall be crowned at between 2 to 3%. When snow is removed from the road during the winter months, the snow shall be pushed outside of the burrow ditches and the turn outs shall be kept clear so that when the snow melts the water will be channeled away from the road.

-The brush on the location will be piled with the topsoil, not separately as described in the APD.

-The location topsoil pile shall be seeded immediately after the soil is piled by broadcasting the seed, then walking the topsoil pile with the dozer to plant the seed. The seed mix provided in the APD under section 10 of the surface use plan shall be used instead of the straight fourwing saltbush application mentioned in the APD. All poundages are in Pure Live Seed.

-Once the reserve pit is dry, it shall be filled, recontoured, topsoil spread, and seeded in the same manner discussed above.

-A pile of subsoil shall be left near where the access road enters the location. This subsoil would be used for dike construction.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
ENTITY ACTION FORM - FORM 6

OPERATOR ROSEWOOD RESOURCES, INC.
ADDRESS P.O. BOX 1668
VERNAL, UT 84078

OPERATOR ACCT. NO. W7510

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
A	99999	12441	43-047-32839	ROSEWOOD FEDERAL #4-6	SE	NW	4	12S	22E	Uintah	7/27/98 7/27/98
WELL 1 COMMENTS: Entity added 8-6-98. Jec											
CONFIDENTIAL											
A	99999	12442	43-047-32840	ROSEWOOD FEDERAL #28-8	SE	NE	28	11S	22E	Uintah	7/22/98 7/22/98
WELL 2 COMMENTS: Entity added 8-6-98. Jec											
CONFIDENTIAL											
<div style="border: 2px solid black; padding: 5px; text-align: center;"> RECEIVED AUG 5 1998 DIV OF OIL, GAS & MINING </div>											
WELL 3 COMMENTS:											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

ACTION CODES (See instructions on back of form)

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)

[Signature]
 Signature _____
 Admin. Assistant 8/4/98
 Title _____ Date _____
 Phone No. 435 789-0414

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.

Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.

UTU-73019

6. If Indian, Allottee or Tribe Name

NA

7. If Unit or CA, Agreement Designation

NA

8. Well Name and No.

ROSEWOOD FEDERAL #4-6

9. API Well No.

43-047-32839

10. Field and Pool, or Exploratory Area

WILDCAT

11. County or Parish, State

UINTAH CO., UTAH

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

CONFIDENTIAL

2. Name of Operator

ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.

P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1968' FNL, 2065' FWL SENW SECTION 4, T12S R22E S.L.B. & M.

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

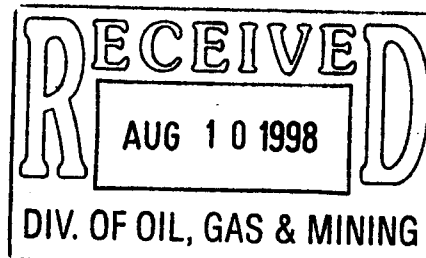
☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Spud
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Operator reports the above referenced well was spud on 7/27/98 @ 10:00 a.m. by Bill Jr's Rathole Service.
(See attached report for setting of surface casing.)

CONFIDENTIAL



COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

14. I hereby certify that the foregoing is true and correct

Signed

[Signature]

Title Administrative Assistant

Date 08/05/98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

***See Instructions on Reverse Side**

DAILY DRILLING REPORT

CURRENT DEPTH 500'

PROPOSED TD 6200'

FOOTAGE PAST 24 HRS

ENGINEER D.WIDNER

CONSULTANT C.EMERSON

[illegible]

DAILY COSTS:

DAILY MUD COST	
CUM. MUD COST	

FOOTAGE 25506

DAYWORK

LOCATION 15500

MUD

RIG MOVE

SURVEYOR

LOGGING

MUD LOG

CEMENTING **5138**

FISHING

WATER 200

WELLHEAD

CSG CREW

RENTALS

CASING 6400

SUPERVISION

CASING HEAD

TOTAL DAILY	52744
-------------	-------

COST FORWARD

CUM.TO DATE 52744

HYDRAULICS:

WOB	
RPM	
GPM	

SURVEY DATA:

[illegible]**ADDL COMMENTS:****WASATCH TOP:****MESA VERDE TOP:**

SHOW:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.

UTU- 73019

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

ROSEWOOD FEDERAL #4-6

9. API Well No.

43-047-32839

10. Field and Pool, or Exploratory Area

WILDCAT

11. County or Parish, State

UINTAH COUNTY, UTAH

SUBMIT IN TRIPLICATE

RECEIVED
AUG 10 1998

DIV. OF OIL, GAS & MINING

CONFIDENTIAL

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.

P.O. BOX 1668, VERNAL, UTAH 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1968' FNL AND 2065' FWL
SE/NW SECTION 4, T12S, R22E

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

COPY SENT TO OPERATOR
Date: 8.20.98
Initials: LPR

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other ADDENDUM TO APD
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*
IF WELL PROVES COMMERCIAL. OPERATOR PROPOSES TO INSTALL ON SURFACE A 4" NOM., SCH. 40, BARE STEEL, WELDED GAS SALES PIPELINE. LATERAL LINE WILL TIE INTO EXISTING PIPELINE CURRENTLY OPERATED BY SNYDER OIL COMPANY OR WOULD RUN PARALLEL TO EXISTING LINE. PIPELINE ROUTE IS SHOWN ON MAP "C" ATTACHED. LINE WILL BE 9050' IN LENGTH. PIPELINE WILL RUN PARALLEL WITH ROAD FROM WELLSITE TO TIE-IN & 20' WIDTH WILL BE REQUIRED FOR CONSTRUCTION. ALL MATERIALS WILL BE STOCKPILED AT WELLSITE. PIPE WILL BE WELDED AND THEN PULLED VIA DOZER IN EASE OF INSTALLATION AND TO MINIMIZE SURFACE DISTURBANCE. AN ESTIMATED 4.1 ACRES WOULD BE INVOLVED DURING CONSTRUCTION. ANTICIPATED MAXIMUM PRESSURE 250#. ANTICIPATED WORKING PRESSURE 150#. VALVES WILL BE INSTALLED DOWNSTREAM FROM METER RUN AND AT TIE-IN POINT. TRENCHING WILL BE LIMITED TO WELLSITE & ROAD X-INGS.

COPIES: ORIG. & 2-BLM; DIV. OG&M; JMCQUILLEN- DALLAS; BWASHINGTON- DALLAS

14. I hereby certify that the foregoing is true and correct

Signed

[Signature]

Title DRILLING SUPT.

Accepted by the
Utah Division of
Oil, Gas and Mining
Date: 08/06/98

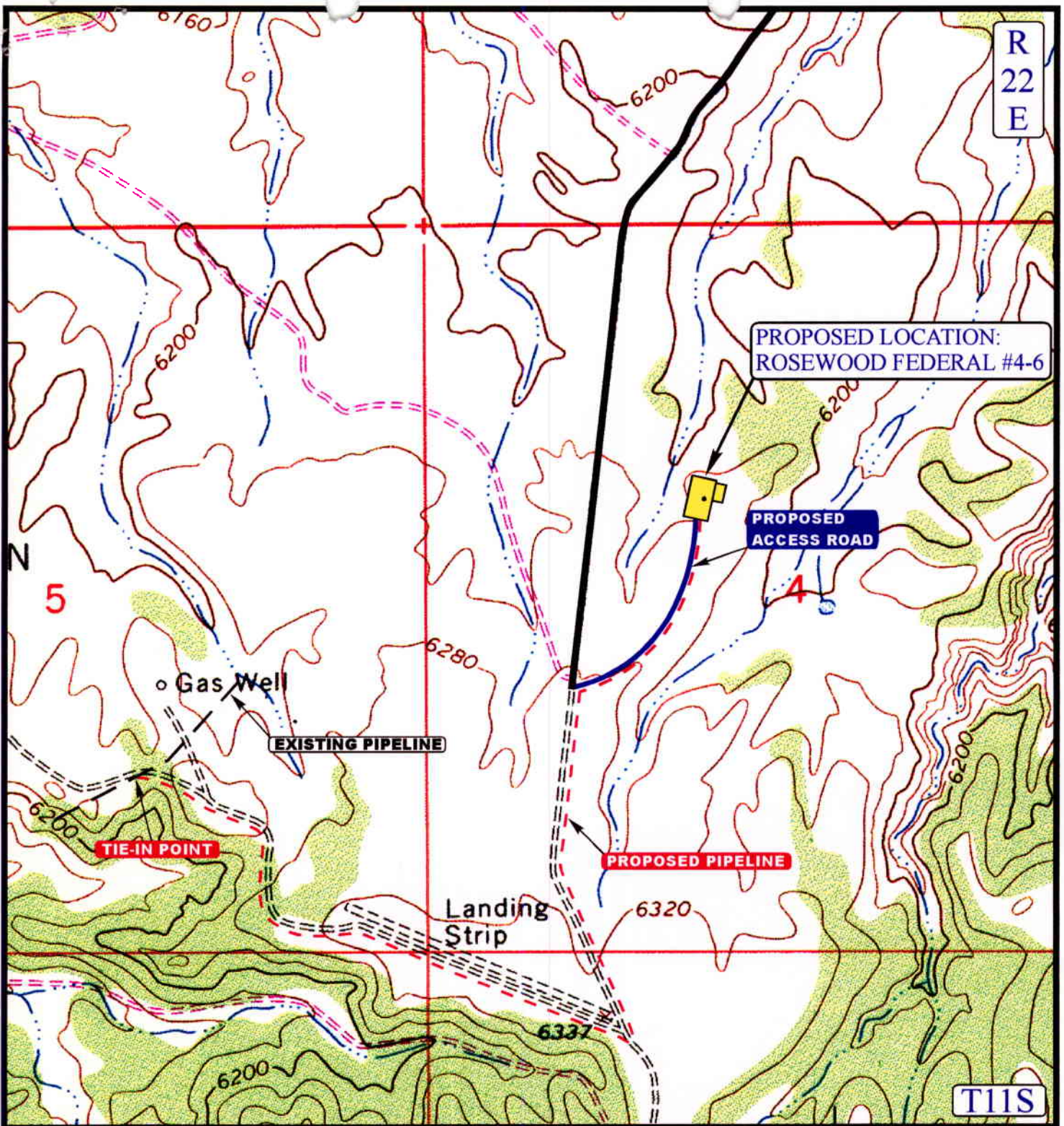
(This space for Federal or State office use)

Approved by

Title

Conditions of approval, if any:

FOR RECORD ONLY



APPROXIMATE TOTAL PIPELINE DISTANCE = 9050' +/-

LEGEND:

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



ROSEWOOD RESOURCES, INC.

ROSEWOOD FEDERAL #4-6
SECTION 4, T12S, R22E, S.L.B.&M.
1968' FNL 2065' FWL

**TOPOGRAPHIC
MAP**

3 25 98
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: J.L.G. REVISED: 7-31-98



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.
UTU-73019

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
NA

8. Well Name and No.
ROSEWOOD FEDERAL #4-6

9. API Well No.
43-047-32839

10. Field and Pool, or Exploratory Area
WILDCAT

11. County or Parish, State

UINTAH CO., UTAH

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

CONFIDENTIAL

2. Name of Operator
ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1968' FNL, 2065' FWL SENW SECTION 4, T12S R22E S.L.B. & M.

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☒ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other _____
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

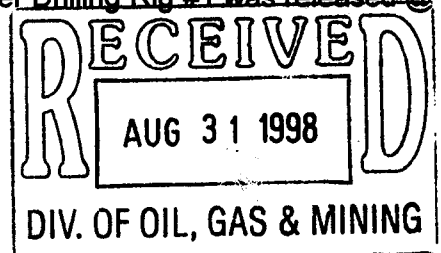
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The above referenced well drilled to 6200' and was P&A'd 8/15/98. Chandler Drilling Rig #1 was released @ 12:00 p.m. on 8/15/98. See attached rig reports for P&A details.

Current Status - Plugged and Abandoned

CONFIDENTIAL



COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

14. I hereby certify that the foregoing is true and correct

Signed

Larry Nemes

Title Administrative Assistant

Date 08/26/98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instructions on Reverse Side

DAILY DRILLING REPORT

CURRENT DEPTH 6060'

PROPOSED TD	6200'
-------------	-------

FOOTAGE PAST 24 HRS	140'
---------------------	------

ENGINEER D.WIDNER

CONSULTANT C.EMERSON

[illegible]

DAILY COSTS:

WT	9.6	% OIL	0	Ca+	40	
VIS	55	%SAND	3/4	cake	2/32	
WL	8.0	%SOLID	9.2	pH	9.5	
GELS	3/10	ALK	.10			DAILY MUD COST 2137
PV	23	Cl-	500			CUM. MUD COST 20333
YP	10					

FOOTAGE	2009
DAYWORK	2956
LOCATION	
MUD	2137
RIG MOVE	
SURVEYOR	
LOGGING	
MUD LOG	550
CEMENTING	
FISHING	
WATER	480
WELLHEAD	
CSG CREW	
RENTALS	500
CASING	
SUPERVISION	500
CASING HEAD	

HYDRAULICS:

	1	2
MAKE	EMSCO	GarDenv
MODEL	D-500	PZ-8
LINER	5 1/2	6 1/2
SPM		100
PSI		1400

WOB	45K
RPM	50
GPM	320

TELEDRIFT SURVEY DATA:

Bit #	4	5
Ser#	JQ8722A	K54397
Size	7 7/8"	7 7/8"
Make	STC	RTC
Type	M70	HP53A
Jets	6/14s	3/16s
In @	3233'	5344'
Out @	5344'	6200'
Feet	2111'	856'
Hrs	36.5	59
Ft/Hr	57.8	14.5
CUM		
Grade		

DEPTH	DEGREES	
1051'	3/4	WL
1630'	3/4	
2010'	1	
2505'	1	
3020'	1 1/2	
3233'	2	WL
3614'	1 1/2	
4225'	1 1/2	
4765'	1	
5296'	1 1/2	
5344'	1 3/4	WL
5794'	1	
6200'		WL

TOTAL DAILY	9132
COST FORWARD	182818
CUM.TO DATE	191950

COMNTS: BHA#1:Bit,MM,FS,TD,XO,24DC,XO=758.09'

WASATCH TOP: 3676'

MESA VERDE TOP: 5495'

SHOWS: #17 6163'-6165' 144u

#18 6183'-6186' 183u

ROSEWOOD RESOURCES,INC.

DAILY DRILLING REPORT

LEASE: ROSEWOOD FEDERAL
WELL: # 4-6
RIG: Chandler Drilling #1
PRESENT OPERATION: P & A

DATE: 8-15-98

CURRENT DEPTH 6200'
PROPOSED TD 6200'
FOOTAGE PAST 24 HRS
ENGINEER D.WIDNER
CONSULTANT C.EMERSON

FROM	TO	ACTIVITY PAST 24 HRS:
0700	0800	TOOH f/ Logs. DP tally-6201'
0800	1300	RU Schlumberger. Run Platform Express Suite From Log TD 6195' to Base of Surface Csg. RD Schlumberger.
1300	1600	TIH
1600	1630	Circulate & Cond Hole.
1630	1930	TOOH to DC.
1930	2100	RU T&M Casers. LDDC
2100	2400	TIH PU 10 Jts w/ 184 Jts OE DP @ 5713'. RU Howco.
2400	0030	Set Plug w/ 120sks Cls "G" w/ 2% CaCl(200'+57%excess). Displace w/ 74bbl Mud.
0030	0330	POOH LD 64 Jts to 3726'
0330	0400	Set Plug w/ 100sks Cls "G" (200'+37%excess). Displace w/ 48bbl Mud.
0400	0530	POOH LD 79 Jts to 1273'
0530	0600	Set Plug w/ 60sks Cls "G" (150'+ 12%excess). Displace w/ 14.5bbl Mud.
0600	0630	POOH LD 23 Jts to 559'
0630	0700	Set Plug w/ 40sks Cls "G" (100'+ 5% excess). Displace w/ 5.5bbl Mud.

MUD PROPERTIES:

WT	9.6	% OIL	0
VIS	55	%SAND	3/4
WL	8.0	%SOLID	9.2
GELS	3/10	ALK	.10
PV	23	Cl-	500
YP	10		

Ca+	40
cake	2/32
pH	9.5
DAILY MUD COST	
CUM. MUD COST	20333

DAILY COSTS:

FOOTAGE	
DAYWORK	6450
LOCATION	
MUD	
RIG MOVE	
SURVEYOR	
LOGGING	14662
MUD LOG	550
CEMENTING	
FISHING	
WATER	350
WELLHEAD	
CSG CREW	
RENTALS	500
CASING	
SUPERVISION	500
FLOAT EQUIP	

PUMP DATA:

	1	2
MAKE	EMSCO	GarDenv
MODEL	D-500	PZ-8
LINER	5 1/2	6 1/2
SPM		100
PSI		1400

HYDRAULICS:

WOB	45K
RPM	50
GPM	320

BIT RECORD:

Bit #	4	5
Ser#	JQ8722A	K54397
Size	7 7/8"	7 7/8"
Make	STC	RTC
Type	M70	HP53A
Jets	6/14s	3/16s
In @	3233'	5344'
Out @	5344'	6200'
Feet	2111'	856'
Hrs	36.5	59
Ft/Hr	57.8	14.5
CUM		
Grade		

TELEDRIFT SURVEY DATA:

DEPTH	DEGREES	
1051'	3/4	WL
1630'	3/4	
2010'	1	
2505'	1	
3020'	1 1/2	
3233'	2	WL
3614'	1 1/2	
4225'	1 1/2	
4765'	1	
5296'	1 1/2	
5344'	1 3/4	WL
5794'	1	
6200'	1 3/4	WL

TOTAL DAILY	23012
COST FORWARD	191950
CUM.TO DATE	214962

DAILY DRILLING REPORT

LEASE: ROSEWOOD FEDERAL

DATE: 8-16-98

CURRENT DEPTH 6200'

WELL: # 4-6

PROPOSED TD 6200'

RIG: Chandler Drilling #1

FOOTAGE PAST 24 HRS

PRESENT OPERATION: P & A'd

ENGINEER D. WIDNER

CONSULTANT C.EMERSON

FROM	TO	ACTIVITY PAST 24 HRS:

[illegible]**MUD PROPERTIES:**

WT	9.6	% OIL	0
VIS	55	% SAND	3/4
WL	8.0	% SOLID	9.2
GELS	3/10	ALK	.10
PV	23	CI-	500
YP	10		

Ca+	40
cake	2/32
pH	9.5

DAILY MUD COST

CUM. MUD COST	20333
---------------	-------

DAILY COSTS:

FOOTAGE	rf	
DAYWORK		1350
LOCATION		
MUD		
RIG MOVE		
SURVEYOR		
LOGGING		
MUD LOG		
CEMENTING		7943
FISHING		
WATER		
WELLHEAD		
CSG CREW		2634
RENTALS		500
CASING		
SUPERVISION		500
FLOAT EQUIP		

PUMP DATA:

	1	2
MAKE	EMSCO	GarDenv
MODEL	D-500	PZ-8
LINER	5 1/2	6 1/2
SPM		100
PSI		1400

HYDRAULICS:

WOB	45K
RPM	50
GPM	320

BIT RECORD:

Bit #	4	5
Ser#	JQ8722A	K54397
Size	7 7/8"	7 7/8"
Make	STC	RTC
Type	M70	HP53A
Jets	6/14s	3/16s
In @	3233'	5344'
Out @	5344'	6200'
Feet	2111'	856'
Hrs	36.5	59
Ft/Hr	57.8	14.5
CUM		
Grade		

TELEDRIFT SURVEY DATA:

DEPTH	DEGREES	
1051'	3/4	WL
1630'	3/4	
2010'	1	
2505'	1	
3020'	1 1/2	
3233'	2	WL
3614'	1 1/2	
4225'	1 1/2	
4765'	1	
5296'	1 1/2	
5344'	1 3/4	WL
5794'	1	
6200'	1 3/4	WL

TOTAL DAILY	12927
COST FORWARD	214962
CUM. TO DATE	227889

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*
(See other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.
UTU-73019

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WORK

1b. TYPE OF WELL

OIL WELL ☐ GAS WELL ☒ DRY ☐ Other _____

NEW WELL ☒ TURN OVER ☐ WELL-EN ☐ FLOW BACK ☐ DIFF. RESVR. ☐ Other _____

2. NAME OF OPERATOR

ROSEWOOD RESOURCES, INC.

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 1668, VERNAL, UT 84078

435-789-0414

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)*

At Surface

1968' FNL 2065' FWL SENW

At top prod. Interval reported below

At total depth

14. PERMIT NO.

15. DATE SPUDDED

7/27/98

16. DATE T.D. REACHED

8/13/98

17. DATE COMPI. (Ready to prod.)

P & A 8-15-98

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*

6243' GR

19. ELEV. CASINGHEAD

6258' KB

20. TOTAL DEPTH, MD & TVD

6201'

MD

TVD

21. PLUG, BACK T.D., MD & TVD

TD

MD

TVD

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS

DRILLED BY

ROTARY TOOLS

509' - 6201'

CABLE TOOLS

NA

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*

P & A

25. WAS DIRECTIONAL SURVEY MADE

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN

AI/LC/GR, CNLD/GR, ML/GR, MUD LOG 9-98

27. WAS WELL CORED

NO

23. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" J-55	36#	494' GL	12 1/4"	SURF-300 SX Class "G" + ADD	NONE

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
						#	

31. PERFORATION RECORD (Interval, size and number)

INTERVAL **SIZE** **NUMBER**
5713' - 5513' 120 SKS "G" 93' - SURF 40 SKS "G"
3726' - 3526' 100 SKS "G"
1273' - 1123' 60 SKS "G"
559' - 459' 40 SKS "G"

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

33.* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)				WELL STATUS (Producing or shut-in)	
P & A 8-15-98						P & A	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBL.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
						#	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL--BBL.	GAS--MCF.	WATER--BBL.	OIL GRAVITY-API (CORR.)	
					#		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Lucy Verner TITLE **ADMINISTRATIVE ASISTANT** DATE **9/10/98**

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);					38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP		
					MEAS. DEPTH	TRUE VERT. DEPTH	
				WASATCH MESA VERDE	3676'		
					5495'		
COPIES: BLM - VERNAL/ORIG. & 2 COPIES; DIV. OG&M - DALLAS 1 COPY;							